

Advisory Board Meeting Minutes

The Residential Ratepayers Advisory Board (“the Board”) held a meeting on December 6, 2004 at the Office of Consumer Advocate. The meeting started at 2:07 p.m. and adjourned at 3:35 p.m.

Present for the Board were:

Larry Kelly, Chair
Otis Perry, Vice Chair
Ed Brueggmann
Richard Stonner
Larry Ross
Claira Monier

Present for the Office of Consumer Advocate (“OCA”) were:

Anne Ross, Consumer Advocate
Kenneth Traum, Assistant Consumer Advocate
William Homeyer, Utility Analyst
Rorie Hollenberg, Staff Attorney
Christina Martin, Legal Assistant

Quorum

Larry K. declared a Quorum.

Agenda:

1. **Minutes of November meeting**
Larry K. moved to approve the minutes of the November 1, 2004 Board Meeting. Motion seconded and minutes approved.
2. **The Winter Edition of the “Ratepayer”**
Larry K. mentioned that he had some changes to the newsletter. He will call Christina to give her his proposed changes. Larry K. explained that his changes were primarily revisions to the eligibility guidelines and service descriptions.

Larry R. asked to whom the OCA presently distributes the newsletter. Christina responded with a list of recipients, including agencies and individuals. Several additional contacts were mentioned, including local welfare offices, municipalities, congregate meal programs (e.g., meals on wheels) and elderly service organizations. The N.H. Municipal Association, at the Local Government Center, was mentioned as a contact for the municipalities. The N.H. Department of Human Services, Division of Elderly and Adult Services and Service Link were mentioned as possible contacts as well. Larry K. will get the contact information for the N.H. Municipal Association and Service Link to Christina. Otis asked if the distribution is sufficient to an

audience other than low-income individuals and agencies serving this population. He suggested we could include our newsletter with the towns and cities that have newsletters. Larry R. suggested bill inserts from utilities. Christina will email the newsletter distribution list to all Board Members for review and ideas for additions.

Ed suggested that all references to the Community Action Agencies in the text of the newsletter be followed by a reference to the contact information for these agencies, which appears toward the end of the newsletter. A suggestion was made to include a brief description of the function of the CAAs.

3. **DE 03-113 PSNH Quality of Service to Bedford**

Rorie summarized her review of the file, including but not limited to the reports of two consultants engaged by the PUC to investigate the voltage complaints, notes from the Board's discussion with Mr. Lamy at the November meeting and the documents that Mr. Lamy presented at that time. Rorie related the findings from this review to the OCA's recent comments on the Dufresne-Henry report. These written comments included a suggestion that PSNH review and improve its customer service, as suggested by both consultants and, perhaps, in other ways. The OCA also indicated its intent to participate in the Puc 300 rules repromulgation process, with emphasis on customer service standards, reporting of voltage complaints, and the voltage range permitted.

The Board concurred with this course of action and the expansion in scope of the initiative to include the interests of all residential electric customers. The Board asked the OCA to respond to Mr. Lamy, in writing specifically thanking him for his advocacy on behalf of Bedford customers of PSNH.

The Board discussed customer service practices, in general. The Board spoke favorably about the ability of a company to identify a customer during a telephone call and quickly access information about a complaint and all prior contact with the company about the complaint. The Board also approved of company practice to assign a complaint to one customer service representative, thereby avoiding unnecessary duplication and repetition in the process.

4. **NEPOOL/ISO**

Anne summarized the status of the OCA's participation in the ISO-NE LICAP docket. She mentioned the Petition for Review that the OCA plans to file with the First Circuit Court of Appeals.

Larry K. referred positively to the press release, which summarized the OCA's and other agencies objections to FERC's approval of the ISO-NE proposal. Anne mentioned plans of the OCA and other market participant members of NEPOOL to meet with ISO-NE, to discuss the importance of considering and including their views in decisions made about the ISO's regional distribution of electricity. In the instance of the LICAP, the ISO filed the proposal without approval from NEPOOL, in which the OCA is a member.

Otis asked how the ISO could file without the support of NEPOOL. Anne spoke generally about FERC's requirement that the regional distributor of electricity be independent of market participants.

Larry K. asked Anne to keep the Board apprised of the ISO's response to the planned discussions. Depending on the response, the Board may initiate discussions with New Hampshire's federal delegates. Anne suggested the Board receive a copy of the legislator contact information.

Anne and Ken intend to participate more proactively in regional issues. Anne mentioned the "white paper" being developed by the OCA's consultant, Paul Peterson, and his company, Synapse. Essentially, the white paper discusses various options to the market design approved by FERC, the LICAP. Ken mentioned the reverse-auction mechanism, which would involve the identification of a congested area or area where more generation is needed and taking the lowest bid to meet that need.

6. **CashPoint**

Christina gave a brief overview of the OCA's progress with money transmitter legislation, the need for which became apparent following the failure of CashPoint. In sum, the OCA's efforts to work with the Banking Department, through its general counsel, have been less than fruitful.

With the final days for filing proposed legislation drawing near, the OCA is concerned that nothing will be filed for action in the next legislative session. Consequently, with the support of Senator Larsen, the OCA has drafted proposed legislation, which it will file if the Banking Department has still not responded to us or Senator Larsen's office. The Board concurred with this course of action. The OCA's version will be copied to all individuals who have been involved in the response to the Cashpoint crisis, including John Hunt.

7. **Budget**

Anne discussed her presentation to the Legislature's budget review committee. As detailed in the "Agency Budget Bill" attached to the Agenda, the total amount requested for 2005 was \$552K. This is funded from the PUC utility assessment tax. The amount requested constitutes a 3% increase due to payroll, benefits and out-of-state travel. Larry R. asked if the increase for out of state travel is enough. Anne responded, "no," but explained that the numbers work because the OCA uses a consultant, whose travel is charged to the consultant line item. Larry R. mentioned that he remembered the PUC asking for an increase for travel in prior years but it was not approved.

Addendum

Electric

DE 03-113 PSNH Quality of Service to Bedford – see above. [Remove from Addendum and add item regarding OCA's participation in the Puc 300 rules repromulgation process.]

DE 03-166 PSNH's Modification of Schiller Station – Four wood-fired generators appealed the Commission's approval of the modifications to PSNH's Schiller Station, which the OCA supported. Response Briefs are due on January 11, 2004. Jack Ruderman, of GOEP, is setting up a meeting to coordinate briefing by parties, including the OCA, who support the Commission's orders.

DE 04-177 PSNH Transition/Default Service Rate - Ken reviewed this docket and the OCA's opposition to the increase of the transition service rate and the extension beyond the January 2006 expiration of the transition service rate for PSNH's large customers. Specifically, in pre-filed testimony, the OCA advocated for 1) a 9.17% return on PSNH's common equity investment in its generation related rate base; 2) the expiration of transition service rates, as scheduled, in January 2006 to PSNH's 1400 largest customers; and 3) the use of transition service rates, in the first instance, for residential customers, as these customers pay \$0.05 more per kwh for stranded costs. The OCA's position also recognizes that the Legislature has set disparate rates for different classes of customers; other electric utilities charge higher rates for larger customers, that monthly rates for larger customers will discourage "gaming," and the default service rates are still lower than the spot market.

Telecommunications

DT 04-180 Granite State Telephone – Bill reviewed the stock redemption at issue in this docket. While the deal will leave little margin for error, the OCA believes that the company will make it work. The basis for this opinion includes the company's past business practices, including good management and the maintenance and improvement of its infrastructure. As a condition of its approval, the staff of the PUC and OCA requested an imputed rate of return and capital structure.

Water

DW 04-020 Fryeburg Water Co. – Bill gave an update on this docket. He discussed the report of the consultant hired by the company, which examined several alternatives to remedy the quality of water issue. He discussed the Commission's approval of a requirement that the company escrow amounts paid by N.H. customers. By letter, the OCA informed Ray Burton of this development. He mentioned recent discussions about the formation of a water district in Maine and the transfer of the company's assets to the district. It is possible that Poland Springs, which purchases

its water from the company, may contribute toward this acquisition in an indirect manner.

DW 04-048 Pennichuck (Eminent Domain) – The Commission will be deliberating the legal issue of whether Nashua may take by eminent domain assets located outside its geographical boundaries on Wednesday, December 8, 2004. A prehearing conference and technical session is scheduled for the following day.

DW 04-056 Pennichuck (Rate Case) – A technical session is scheduled for tomorrow. This docket is still in its early stages. The OCA objected to temporary rates, but the Commission approved them. The OCA responded recently to a consumer letter, complaining about rates.

Gas

DG04-133 & 04-175 Keyspan Cost of Gas 2004-05 – The Commission retained a consultant to review Keyspan's acquisition practices. The OCA is monitoring this docket.

An aside, Ken discussed the impact of an error in a FERC report on national gas storage volumes. The report that the volumes were down was a "typo." Wall St. panicked and the price of gas shot up. When the typo was corrected, prices went down. The impact in dollars was \$1 billion more in December alone.

Miscellaneous

Ed asked Christina to mail hard copies of anything needed to his home.

Larry K. suggested that the OCA do separate addendums, one for active dockets and one for non-active dockets. Otis asked that pertinent dates appear in the margins.

Larry R. asked about his term expiration date. Christina will confirm all the term dates.

The meeting for the month of January is cancelled.

The meeting adjourned at 3:35pm.